United Nations Development Group Iraq Trust Fund
Lessons Learned Exercise

pwc

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List of Acronyms

AA	Administrative Agent
AFP	Acute Flaccid Paralysis
BoP	Balance of Payments
BHSP	Basic Health Service Package
BPG	Baghdad Policy Group
BSA	Board of Supreme Audit
CBI	Community Based Initiative
CCA	Common Country Assessment
CD	Capacity Development
CIC	Council for International Coordination
COSIT	Central Organization for Statistics and Information Technology
CPA	Coalition Provisional Authority
CSO	Civil Society Organization
DAD	Donor Assistance Database
DoEd	Directorate of Education
DaO	Delivering as One
DDG	Danish De-mining Group
DMA	Directorate of Mine Action
DoH	Department of Health
DoS	Department of State
DSRSG	Deputy Special Representative of the Secretary General
EC	European Commission
ERW	Explosive Remnants of War
ESCWA	Economic & Social Commission for Western Asia
EPI	Expanded Program on Immunization
EU	European Union
FAO	Food & Agriculture Organisation of the United Nations
FCC	Facility Coordination Committee
GDP	Gross Domestic Product
GIS	Geographic Information System
GPFs	General Political Funds
GPS	Global Program Funds
GoI	Government of Iraq
Hib	Haemophilus Influenzae Type B
HIV	Human Immunodeficiency Virus
HQ	Headquarter
HR	Human Resource
IAU	Inter-Agency Information and Analysis Unit
ICI	International Compact for Iraq
ICT	Information and Communication Technology
IDP	Internally Displaced Persons
IDMS	Iraq Development Management System
IEAT	International Electoral Assistance Team
IECI	Independent Electoral Commission of Iraq
IIC	Independent Inquiry Committee into the United Nations Oil-for-Food Programme
IFIs	International Financial Institutions
IHEC	Independent High Electoral Commission
ILO	International Labour Organisation
IMCI	Integrated Management of Childhood Illness

IMF	International Monetary Fund
IOM	International Organisation for Migration
IP	Implementing Partner
I-PSM	Iraq Public Sector Modernisation Programme
IRFFI	International Reconstruction Fund Facility for Iraq
ISRB	Iraq Strategic Review Board
IZ	International Zone
JNA	Joint Needs Assessment
JP	Joint Programme
KPI	Key Performance Indicator
KRSO	Kurdistan Region Statistical Office
LoA	Letter of Agreement
LADP	Local Area Development Programme
MDG	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
M&E	Monitoring and Evaluation
MICS	Multiple Indicator Cluster Survey
MMR	Measles, Mumps and Rubella
MoB	Mayoralty of Baghdad
MoC	Ministry of Communications
MoCH	Ministry of Construction and Housing
MoDM	Ministry of Displacement and Migration
MoEd	Ministry of Education
MoEn	Ministry of Environment
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSA	Ministry of Labour and Social Affairs
MoMPW	Ministry of Municipalities and Public Works
MoP	Ministry of Planning
MoPDC	Ministry of Planning and Development Cooperation
MoU	Memorandum of Understanding
MoWR	Ministry of Water Resources
NCCI	NGO Coordination Committee for Iraq
NDP	National Development Plan
NDS	National Development Strategy
NGO	Non-Governmental Organisation
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
OFF	Oil-for-Food Programme
OHCHR	Office of the High Commissioner for Human Rights
OPEC	Organization of the Petroleum Exporting Countries
OPV	Oral Polio Vaccine
PCN	Project Concept Note
PDS	Public Distribution System
PHC	Primary Health Care
PHCC	Primary Health Care Center
PM&E	Planning, Monitoring and Evaluation
PRG	Peer Review Group
PwC	PricewaterhouseCoopers
PWG	Priority Working Group

QIP	Quick Impact Project
RBM	Results Based Management
RC	Resident Coordinator
RCO	Resident Coordinator's Office
RDO	Rafidain De-mining Organization
SC	Steering Committee
SCSO	Steering Committee Support Office
SDU	Staff Development Unit
SIGIR	Special Inspector General for Iraq Reconstruction
SME	Small and Medium Enterprise
SOT	Sector Outcome Team
SRSG	Special Representative of the Secretary General
SWG	Sector Working Group
TB	Tuberculosis
TDP	Technology Dissemination Programme
ToR	Terms of Reference
ToT	Training of Trainers
TVE	Technical and Vocational Education
TVET	Technical and Vocational Education and Training
UN	United Nations
UNAMI	United Nations Assistance Mission for Iraq
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDG ITF	United Nations Development Group Iraq Trust Fund
UNDP	United Nations Development Programme
UNDSS	United Nations Department of Safety and Security
UNEAD	United Nations Electoral Assistance Division
UNEP	United Nations Environment Programme
UNESCO	United Nations Education, Scientific and Cultural Organisation
UN-ESCWA	United Nations Economic and Social Commission for Western Asia
UNFPA	United Nationals Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UN SCR	United Nations Security Council Resolution
USAID	United States Agency for International Development
USD	United States Dollar
WATSAN	Water and Sanitation
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WMF	World Monument Fund

Executive Summary

Introduction

The United Nations Development Group Iraq Trust Fund (UNDG ITF or the Trust Fund), was established in 2004 as part of a two-window funding mechanism of the International Reconstruction Fund Facility for Iraq (IRFFI). PricewaterhouseCoopers (PwC) was selected in a competitive bidding process to conduct an independent Lessons Learned Exercise (LLE) which began in August 2010 and was completed end of May 2011.

The objectives of the LLE as stated in the UNDG ITF LLE Terms of Reference (ToR) are:

1. To assess the development effectiveness of the programmes and projects administered under the UNDG ITF and to showcase the contributions and results of UNDG ITF towards recovery, reconstruction and development efforts in Iraq.
2. To assess the effectiveness of the UNDG ITF processes in supporting compliance with the Paris Declaration on Aid Effectiveness principles and the United Nations (UN) reform process in Iraq.
3. To understand the relevance of design, legal arrangements and governance mechanisms for the UNDG ITF as well as the UN internal coordination arrangements within a two-window fund in terms of recovery, reconstruction and development priorities and challenges, highlighting their contribution to the achievement of development results in Iraq.
4. To provide an evidence base for the UN system and the Multi-Donor Trust Fund (MDTF) Office for the development and refinement of new and existing MDTFs, respectively.
5. To guide the Government of Iraq (GoI), donors and United Nations Country Teams (UNCTs) in establishing effective coordination and operational mechanisms in support of aid and development effectiveness.

Methodology

The LLE builds on findings from 60 independent evaluations of UNDG ITF programmes and projects that were commissioned by the UN agencies participating in the UNDG ITF, as well as on lessons learned from earlier reviews of the UNDG ITF conducted by PwC in 2005 and Scanteam in 2008. The LLE takes a methodical approach to generating lessons learned over the life of UNDG ITF. The key guiding principles include:

1. *Fact- and evidence-based review:* Numbers and figures were sought throughout the LLE to support stakeholder perspectives received during the exercise as well as to supplement the information received from secondary information sources.

2. *A two-perspective approach to analysis:* As the UNDG ITF approached its planned closure, the LLE considered the overall contribution of the Trust Fund to the development of Iraq, and how the fund structure supported the programmatic operations of the UN Country Team (UNCT) at a macro level. In addition, the LLE performed a detailed analysis of the evaluation reports of 60 projects and programmes to generate lessons around the operational and development effectiveness of UNDG ITF at a micro level. These two lenses contributed significantly to identifying lessons learned and producing evidence-based recommendations.

3. *Multi-stakeholder review:* More than 120 interviews were conducted during the various stages of the LLE, with key implementing partners represented by donors at headquarters and field level, staff at national and local levels of the GoI, all participating UN agencies, and the major Non-Governmental Organizations (NGOs). While most interviews were conducted in person in Amman, Baghdad**,** Erbil and New York, a few interviews were held over the phone. In addition, several meetings organized with the Chairperson of the UNDG ITF Steering Committee (SC), the Steering Committee Support Office (SCSO) and the UN MDTF Office provided numerous details and perspectives on the UNDG ITF that were used throughout the LLE.

4. *Use of pre-defined parameters for the operations and development reviews:* As indicated in the UNDG ITF LLE ToR, the operational-effectiveness review was guided by the Paris Declaration on Aid Effectiveness principles endorsed by the donor community as general guidelines for aid effectiveness in 2005 and adopted by the GoI in 2008. The agreed-on parameters for operational effectiveness included

Trust Fund design and structure, alignment, harmonization, national ownership, development of national capacity, management for development results, and accountability.

The development effectiveness review was guided by the parameters of the Organisation for Economic Co-operation and Development – Development Assistance Committee (OECD DAC)'s criteria for assessing development aid. The parameters ensured the use of clear, globally defined concepts and criteria that facilitated the review and analysis. The development effectiveness review was based on development results, efficiency, effectiveness, relevance and sustainability.

Context of the LLE

Any discussion of lessons learned must take into consideration the unique and challenging situation that Iraq has faced for more than two decades. Two successive Gulf wars followed by economic sanctions; political instability; the centralized nature of governance mechanisms; an imbalanced allocation of resources; and a lack of investment in infrastructure, environment and social services have had a devastating impact on the country's ability to grow its economy and support the needs of the population.

In the aftermath of the 2003 conflict, a critical period, the UN played a key role in supporting the evolution of the electoral and democratic processes in Iraq. The emerging political process in Iraq has faced major challenges, however, as violence and insurgency continue to hamper the pace of the country's political, economic and social reform and decentralization processes.

The UNDG ITF was created as part of the International Reconstruction Fund Facility for Iraq (IRFFI) in 2003. The facility helped donors channel their contributions through international organizations—the UN and the World Bank (WB)—and provided a platform for smaller donors without the means or will to be directly present in Iraq to make contributions. In addition, donors welcomed the involvement of the UN and the WB in the recovery and reconstruction efforts in Iraq given their reliable and transparent procurement and operational practices and implementation capacities.

Out of the total of US$33 billion pledged by donors, US$1.86 billion were allocated to IRFFI, including US$1.36 billion for the UNDG ITF and US$496 million for the World Bank ITF. As defined in the original IRFFI ToR, the UNDG ITF was asked to focus on quick-impact projects and transition activities to be implemented in a rapid and flexible way[1]. Over the years, the UNDG ITF proved to be one of the main funding mechanisms for the UNCT in Iraq to undertake its planned projects and programmes. The United Nations Development Programme (UNDP) was mandated to act as the Administrative Agent (AA) of the UNDG ITF.

After the attack on UN Headquarters in August 2003, both UN and WB physically relocated the Iraq operations to neighbouring countries, principally to Jordan, and resumed operations remotely. At the end of 2003, many international stakeholders in Iraq worked under the assumption that the extremely difficult situation in Iraq would gradually improve. Based on that assumption, donors expected rapid disbursement, quick project implementation and visible impact on the ground. Unfortunately, most of these expectations proved unrealistic and the political and security situation in Iraq continued to deteriorate, especially between 2004 and 2007.

During and after this period, the instability on the ground in Iraq severely affected reconstruction efforts by the UN and other international organizations. The security situation forced the UN to use innovative means to work in Iraq from remote locations until personnel and operations could safely return to Iraq. The UN's desire and IRFFI's requirement to show quick results through quick impact projects resulted in setting unrealistically short project durations during the design phase. As a result, the average delay in project implementation against initial plans ended up reaching 122 percent (based on 60 projects analyzed in detail). Although the situation has shown some improvement recently, the extremely difficult and particular work environment in Iraq has to be kept in mind while drawing lessons from the UNDG ITF experience.

The significant challenges that the UN faced in Iraq included weak government capacity and weak national leadership. In principle, IRFFI was designed to focus on strong government ownership by placing the Iraqi

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[1] IRFFI ToR, 11 December 2003. The ToR for IRFFI was amended in 2007 at the Donors' Meeting in Bari, Italy.

Strategic Review Board (ISRB) at the center of the IRFFI governance structure. Soliciting desired levels of government involvement remained a challenge, however, mainly due to the centralized nature of Iraqi governance structures that limited the development of sustained capacities and necessary coordination and communication structures.

The earmarking of donor contributions was another challenge for the UNDG ITF. Close to 90 percent of all contributions were earmarked for either a sector or an agency for reconstruction and recovery projects. Faced with the continuing violence on the ground and the displacement of thousands of people within Iraq, the UN was required to provide emergency and humanitarian response but could use only the un-earmarked funds for the purpose.

Despite these challenges, it is considered a significant achievement that the UNDG ITF continued to operate for seven years without significant interruption and that the participating UN organizations have been able to implement projects and deliver significant results under extremely difficult security conditions.

As of 31 December 2010, the 16 participating UN agencies approved 200[2] projects and programmes under the UNDG ITF. Of these, 43 are financially closed, 93 are operationally closed and 64 are under implementation. The last projects funded by the UNDG ITF were approved on 30 September 2010—the cut-off date for project approval. All UNDG ITF funded projects and programmes have been implemented in eight sectors: education; water and sanitation; health and nutrition; housing and shelter; food security: agriculture, food assistance; protection; governance; and economic reform and diversification. At the end of 2010, US$1.43 billion had been disbursed, including all donor contributions and earned interest income. A balance of US$150,603 million[3] remains with the participating organizations for the ongoing projects.

Operational Effectiveness Review

The operational effectiveness of the UNDG ITF was examined according to the five parameters of the Paris Declaration on Aid Effectiveness (the Paris Declaration): alignment, harmonization, national ownership, management of development results, and accountability for development and operational effectiveness. In addition, the strengths and weaknesses of the fund design and governance structures as well as the effectiveness of the development of national capacity have been assessed.

It must be noted at the outset that the Paris Declaration acknowledges that its principles cannot be applied in a straightforward manner to fragile states or other environments with weak governance and capacity. An understanding of the gradual improvement in Iraq's fragile condition is a key to assessing how effectively the Paris Declaration principles were applied over time to maximize aid effectiveness.

UNDG ITF design and governance

The governance structure of the UNDG ITF was defined in the initial IRFFI ToR in 2004, but underwent a number of refinements over the years. Over the Trust Fund's seven years of operations, many lessons have been learned that relate to ensuring transparency, avoiding or minimizing conflicts of interest, strengthening national ownership, stakeholder engagement, and management for results. Many of these lessons were identified in earlier reviews by PwC and Scanteam, and a number of them have been acted upon.

The UNDG ITF presented a particular opportunity for the UN to adopt a common planning, funding, implementation and reporting arrangement, following the 'UN Cluster Approach.' Iraq was the first country to adopt and implement this approach on such a large scale. All clusters were comprised of a number of UN organizations having mandate and relevant expertise within each cluster. The cluster system was revised in 2008 and was replaced with sectors that were managed by Sector Outcome Teams (SOTs).

The governance of the UNDG ITF as well as the process of approving projects was designed to enhance stakeholder engagement. The current design of the project development and approval process, updated in

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[2] When a joint program is proposed that involves two or more agencies, each of which is undertaking a part of implementation, funding is allocated to each agency separately and shown on the UNDG ITF records as a project with a sub-code of the program code.
[3] Source: MDTF Office Gateway website, UNDG Iraq Trust Fund page at URL: http://mdtf.undp.org/factsheet/fund/ITF00

2008, includes all stakeholders involved in MDTF: the GoI, donors and UN agencies. The high level of coordination and collaboration among the 16 participating UN agencies was hitherto unprecedented within the UN system and has been recognized by many as a good practice example widely seen in the Delivering as One (DaO) approach.

The political and economic situation in Iraq has improved in recent years as a result of increasingly transparent and democratic electoral processes, increased oil revenue and greater national capacity, and the lessons learned from the review of UNDG ITF governance structures. It is imperative for the UN to renew its engagement with the GoI and other development partners in the following ways, to further enhance the ability and credibility of any future trust fund:

- **Participation of the GoI on the Trust Fund Steering Committee:** The GoI should be invited to participate on the Trust Fund Steering Committee (SC) as a joint chair, to allow the government greater decision making about projects, strengthen the capacity of the GoI to review those projects and increase the efficiency of the approval process. The engagement of the government authorities on fund SCs is a common practice for many other trust funds.

- **Evolve the Trust Fund governance structures over time:** While the UNDG ITF is commended for supporting two reviews of the Trust Fund and addressing most recommendations, especially those related to governance of the fund, any future fund in a post-conflict country like Iraq should adopt a structured process of frequent review with stakeholders to allow for objective analysis and the adaptation of fund design and governance structures to maintain alignment with evolving national priorities.

- **Greater involvement of Government and NGOs in programme design and implementation:** In such an immediate post-conflict situation as Iraq, the UN has a comparative advantage in supporting the implementation of recovery and reconstruction work. In the case of Iraq, the UN agencies played a significant role both as decision makers on the UNDG ITF SC and as recipients of funds to implement projects. While this could be deemed a conflict of interest, UNDG ITF was the first MDTF designed on its own, so it was important for the UN to participate as well as to engage other partners, including Government and NGOs, in the governance structure of the MDTF for greater ownership, reduced conflict of interest and shared accountability. Likewise, over the life of the MDTF and subject to political, security and other external factors, the UN should shift implementation to national partners and should continue to act as a convenor, policy advisor and coordinator for the MDTF.

- **Strengthen accountability and independent evaluation:** A key concern expressed by donors and the GoI is the lack of mandate of the UNDG ITF SC to exercise greater programmatic oversight. As per the agreed upon Memorandum of Understanding (MoU) between the participating UN organizations and the Administrative Agent (AA), all participating UN agencies were to undertake monitoring and evaluation in accordance with their own corporate guidelines and procedures. The lack of a uniform and decentralized approach to project monitoring and evaluation is evident from the quality of the documents, including progress reports and evaluations, which have been reviewed as part of the LLE. Additionally, the authority of the SC to allocate, approve and oversee funds can result in conflict of interest. One option to enhance oversight and accountability is to establish an independent monitoring and/or evaluating agent. A management unit, preferably with credible independence, responsible for monitoring project performances and holding UN agencies accountable for results, would certainly increase the cost of operations if added to the existing governance structure. A different model of a trust fund could be considered, however, one with a leaner governance structure such as The Global Fund to Fight AIDS, Tuberculosis and Malaria. This trust fund engages an independent third party local fund agent in each country to assess, monitor and report on implementing partners. The World Bank's trust fund model also incorporates engagement of an approved, independent monitoring agent, usually locally based, which keeps the overall governance structure lean and reduces the direct involvement of Bank staff, thus reducing operational costs. Any efforts to enhance the accountability function of the MDTF are contingent upon necessary revisions in the MoU between the AA and participating UN agencies.

Alignment

According to the Paris Declaration, alignment implies that donors align their overall support with partner countries' national development strategies, institutions and procedures.

In principle, the UNDG ITF projects approval process was aligned with national processes because it used the existing structure of the Iraqi Strategic Review Board (ISRB). In practice, the process was parallel and remote rather than fully aligned with national processes. The process of alignment with the UNDG ITF funded projects and programmes and the national priorities was facilitated largely by the Sector Outcome Teams (SOTs), which had a mandate to work closely with the relevant GoI institutions and line ministries as part of the programme and project planning process. Despite the engagement of the GoI in project design, many non-UN stakeholders felt that the whole process was nonetheless owned and guided by the UN. While most SOT members travelled to Iraq as and when needed, the SOTs were based in Amman, which limited the frequency of quality interaction with national counterparts. This was particularly an issue in the initial years of the UNDG ITF when most of the UN operations were managed remotely. Even though some UN agencies relocated to Baghdad in recent years, their location within the International Zone and the prevailing security conditions restricted the movement of staff and limited in-person interaction with the GoI and other national partners. Some GoI representatives felt that because of the remote nature of UN Country Team (UNCT) operations, the government was often a bystander during programme and project design and planning processes. As the UN agencies took the lead on key discussions at the planning stages without soliciting the GoI's active participation, GoI officials not only missed the opportunity to have greater ownership of UNDG ITF activities but also the ability to develop their own capacities in design and planning. The situation has improved credibly in recent years, however, with the increased presence of the UN in Iraq as well as due to concerted efforts to enhance the level of GoI and UN engagement.

Another major challenge faced by the UN teams was the high level of turnover of GoI staff. In an environment characterized by weak national capacity and lack of continuity and institutional memory, the UN teams often had little option but to design projects remotely. In the short-term, this approach resulted in projects being designed and launched quickly, because they did not go through an extensive engagement with the GoI. The cost of this speedy progress, however, was some missed opportunities, including alignment with national structures, national ownership and capacity development for the GoI.

Given the nature of a pool funding mechanism such as an MDTF, information on projects by donor is not maintained. Over the years, many donors in Iraq chose to direct more funding to bilateral programmes rather than to an MDTF, to get direct visibility for their contributions. The UNDG ITF donors should, through their respective Headquarter (HQ), encourage engagement with the UNDG to address some of their concerns regarding the legal instruments and operations of MDTFs relating to issues of visibility and tracking donor earmarking at the project level. The MDTF Office, as AA, operates according to the legal instruments and AA protocol, and thus cannot make decisions on its own.

Harmonization

According to the Paris Declaration, harmonization refers to creating common agreements and arrangements at country level for planning, funding, disbursement, monitoring and reporting on donor activities and aid flow.

There is a broad consensus among development practitioners that MDTFs are useful mechanisms to encourage greater harmonization and coordination of the aid provided to a country. Given the lack of government capacity and leadership in setting priorities and systems following the 2003 conflict in Iraq and the absence of donors on the ground, the UNDG ITF provided the necessary medium and mechanism for donors to channel their respective aid contributions to Iraq's recovery in a harmonized manner. A total of 25 donor countries contributed to a pooled funding mechanism with established structures and processes that evolved over the years to remain relevant to Iraq's fast-changing context, ensuring effective UN engagement with the GoI. Many of these donors had no presence in Iraq and, in the absence of a trust fund, would not have been able to contribute to the international efforts relating to Iraq's reconstruction. The UNDG ITF created common arrangements for planning, funding, disbursement and reporting on activities and aid flows, and thus reduced the cost of establishing separate processes by individual donors.

Outside of the UNDG ITF model, there was little evidence of harmonization among donors in Iraq. In fact, the study concludes that many donors failed to provide the Ministry of Planning (MoP) with adequate, timely information on bilateral contributions, thereby diminishing its ability to coordinate aid and take a leadership

role in the strategic allocation of contributions to national priorities. In fact, there was a high level of donor fragmentation, with more than 40 donors contributing a total of close to US$70 billion in aid. Despite this, further analysis of the aid flow from 2004 to 2010 together with interviews and discussions with donors highlight the fact that donors' preferences have shifted over time to channelling aid bilaterally rather than through a trust fund mechanism.

National ownership

Under the Paris Declaration, donors are committed to respecting partner-country leadership and helping strengthen their capacity to exercise it.

Despite strong individual commitment demonstrated by Iraqi officials, the level of national ownership after the 2003 conflict has remained low due to weak institutions, lack of stable government with centralized decision making power, and inadequate human capacity resulting from outmigration and/or high personnel turnover in the public sector.

Given the mandate of the UNDG ITF for reconstruction and recovery and its focus on demonstrating quick results, there was less emphasis on fostering government capacity and ownership. For example, as noted in the UNDP project document for the Iraq Public Sector Modernization (I-PSM) programme, "*an effective decentralization and modernization of public sector has not yet been achieved in Iraq.*" Despite the welcome emphasis in the UN-WB Joint Needs Assessment (JNA) and other UN strategy documents on the need to support national ownership and to develop a system for decentralized and consultative formulation of development strategies, the contribution of UNDG ITF has remained inadequate even though the UNDG ITF governance mechanisms encouraged GoI engagement at all levels and the ISRB continued to serve as the highest GoI authority in approving UNDG ITF programmes and projects.

Co-financing from the government is an important aspect of national ownership, especially in the case of Iraq, which falls under the middle-income-country bracket. Consequently, there has been a strong expectation among donors and international organizations of greater contribution from the GoI towards its own development. Government co-financing allows the country to exercise stronger leadership in guiding the national development and the aid agenda while enhancing ownership of development interventions. Despite efforts of the UN to secure GoI co-financing, only limited GoI co-financing was provided. Securing such co-financing was easier in sectors where the UN has established strong and long-term relationships with line ministries. The limited co-financing is also due to the fact that the current legal framework in Iraq does not allow for government to make direct funding to an MDTF though there is high degree of commitment and interest in favour of GoI cost-sharing of UN programmes and projects.

Development of national capacity

According to the Paris Declaration, the "capacity to plan, manage, implement and account for results...is critical for achieving development objectives."

The UNDG ITF stakeholders corroborated the overall efforts of the UN agencies in developing Iraqi capacities between 2004 and 2010, at both institutional and individual levels. Of the 60 UNDG ITF programmes or projects reviewed, 73.3 percent had a clear focus on capacity development.

A major weakness on the part of the UN and other international partners has been the absence of a structured assessment of available capacities in order to effectively address capacity gaps as part of UNDG ITF programmes and projects. Most evaluation reports consulted during the LLE fail to provide evidence that demonstrates the level of change or improvement in capacities or to track the ripple effects of UNDG ITF supported capacity development. The ability to measure capacity development is also affected by weakness in the results frameworks of programmes and projects that were reviewed as part of this lessons learned exercise. There is also a lack of post-training follow-up to track the effects of capacity development. In the absence of a structured approach to track and assess capacity development, evidence that might be used to measure progress is mostly anecdotal.

The most significant focus of the UNDG ITF-funded projects that relates to capacity development was at an individual level, with training conducted both inside and outside of Iraq. In addition to individual trainings, a number of training-of-trainers exercises and study tours were conducted. Most of the participants who benefited from these interventions were involved in project implementation, including government counterparts, project staff or other implementing partners. Another challenge that the UN agencies faced,

however, was the selection of participants for the organized training events. According to some GoI stakeholders, the UN did not follow a robust approach to selecting participants for various capacity development activities. On the other hand, the UN agencies mostly relied on the Government to nominate officials for such events. The Ministry of Planning and Development Cooperation (MoPDC) recommended that each ministry should establish a Human Resources Directorate with a well-defined capacity-development strategy for its staff. Each ministry should also have a database to keep stock of its staff capacities that could assist the international organizations in selecting GoI participants.

Management of development results

The Paris Declaration calls for "managing and implementing aid in a way that focuses on the desired results and uses information to improve decision making."

One of the most acknowledged achievements of the UNDG ITF has been the high level of coordination among UN agencies in Iraq; this was noted by most interviewees from UN agencies, donors and the GoI. The pooled funding available under the UNDG ITF brought together the 16 participating UN agencies to offer a coordinated and coherent response to Iraq's recovery, reconstruction and development priorities without competing for funds. The use of a cluster/ sector approach and joint programming also facilitated the coordination and management for results. Further, the level of transparency and access to financial and programme information about the activities of the UNDG ITF significantly exceeded that of bilaterally funded projects.

Between 2004 and 2010, the UNDG ITF funded 45 joint programmes and 155 projects for a total of 200 programmes and projects. In this context, **project** refers to activities managed by a single agency, while **programme** refers to activities managed by two or more agencies. The LLE identified a number of benefits as well as challenges that the UN agencies faced in the programmes, including:

Benefits of Joint Programmes	Challenges of Joint Programmes
• Availability of greater technical expertise within the programme.	• Difficulty coordinating activities between or among the involved agencies and confusion regarding the protocols for communication, reporting and decision making.
• Coordinated approach to cross-cutting issues.	• Lack of clarity on the overall accountability for results.
• Greater coverage of wider geographic areas.	• The absence of a lead agency with overall programmatic oversight resulted in each agency focusing only on delivering its own set of programme components.
• Healthy competition among participating agencies and hence improved management for results.	• Increased costs as more efforts, time and logistical resources were spent on coordination and communications among the participating agencies.
• Lower cost of operations due to sharing project managers among agencies, and jointly assessing needs and/ or evaluations.	• Slow reaction and/or response to issues and problems due to the sharing of responsibilities.

Accountability for development and operational results

The Paris Declaration calls upon donors and partner countries to be mutually accountable for development.

As per the MoU between the AA and the participating UN organizations, each UN agency was required to follow its internal, corporately agreed Monitoring and Evaluation (M&E) processes. This arrangement did not foster a culture of joint M&E for mutual or shared accountability. In addition, due to the decentralized nature of the UN system, the UNDG ITF SC lacked the mandate to maintain broad programmatic oversight of UN agency work. This issue was often visible in joint programmes when one agency fell behind schedule, affecting the flow of a joint programme, while neither the other participating UN agency or agencies, nor the SC had the mandate to hold that agency to account.

The overall responsibility of reporting on the progress of the UNDG ITF to donors and the GoI was in the hands of the AA. Initially on a semi-annual and later on an annual basis, the AA produced comprehensive narrative and financial reports on progress against the results stipulated in the clusters/ sectors funded by the UNDG ITF. The semi-annual and annual reports included comprehensive sector reports that provided information on the operating context, challenges, status of individual project implementation and achievement toward outputs and outcomes. In addition, quarterly reports were produced by each implementing agency that summarized the progress and achievements of all UNDG ITF projects and programmes, along with key implementation-related challenges. The AA provided real value to UNDG ITF stakeholders and partners by providing comprehensive information. Created in early 2010, the MDTF Gateway website has all documents related to the UNDG ITF and other MDTFs managed by UNDP MDTF Office. The website has further improved access to UNDG ITF related information, creating greater transparency.

Despite the extensive reporting process, almost all interviewed donors shared similar concerns regarding UNDG ITF reporting. The key issue identified by predominately field-based donors—with whom the majority of interviews were conducted—was the inability to receive information about which specific projects their contributions were supporting. Their expectation that they would receive such information contradicts the legal arrangements of the pooled funding MDTF mechanism, which the same donors have signed. This may indicate a lack of understanding among field-level donors about the pooled-funding mechanism; the UNDG ITF legal agreement between the AA and the contributing donor most often was signed at the headquarter level. As donor staff assigned to Amman or Baghdad changed over time they were not informed by their headquarter of the MDTF legal terms, perhaps resulting in inaccurate expectations.

Development Effectiveness Review

Context

The development effectiveness of the UNDG ITF in Iraq was assessed on the basis of evidence of its contribution to the economic growth of the country and any significant achievements against the Millennium Development Goals (MDG).

The findings revealed that despite some encouraging economic trends in Iraq, there are still significant gaps in the essential development indicators across the wider population. This warrants a need for continued development assistance and collaboration with Iraq.

Although it is the largest of the UN MDTFs, the UNDG ITF was much smaller than Iraq's total bilateral aid since 2003. The overall results and development impact in Iraq is only partly attributable to the UNDG ITF, a relatively small contributor.

Overall achievements of the UNDG ITF

Iraq's needs were identified from three strategic documents: the Joint Iraq Needs Assessment (JNA) (2003), undertaken by the UN and WB; the National Development Strategy (NDS) (2005) issued by the MoPDC; and the revised NDS (2007). Based on these needs, the UN Iraq Assistance Strategies of 2005 and 2008 were drafted. The identified needs presented a dual challenge for Iraq's newly elected government as there was a continuing and pressing need to deliver essential services for the majority of the population and to overcome current and historical disparities in the standards of living and quality of life among the various population groups. Additionally, there was also a need to take strides towards nation building and to set the foundation for stability and growth in an attempt to overcome the remnants of more than three decades of war, dictatorship and sanctions. In part, the UNDG ITF served as an important mechanism to support the GoI and the people of Iraq in overcoming these major challenges.

At the start of the UNDG ITF in January 2004, there were clear needs identified in a number of sectors and fundamental themes further reiterated by the UN Iraq Assistance Strategies. Such needs ranged from short-term recovery and rehabilitation to longer-term development and state building. At the onset, and in line with the IRFFI ToRs, the UNDG ITF focused on rehabilitation projects including basic infrastructure, resumption and provision of essential services and electoral processes. As a result, attention did not focus on some of the strategic longer-term development needs, such as physical infrastructure, institutional development and reform, and policy and regulatory frameworks necessary for long-term sustainable development, until relatively late in the life of the UNDG ITF. This trend was evident in the changing nature of the projects approved in later

years, although it was restricted by the limited availability of funds due to the disbursement of a major proportion of the UNDG ITF funds in the first three years of operations. Overall, Iraq's long-term development needs, especially policy and regulatory reform across sectors, improvements to the business and investment environment, strengthening the private sector, and reform of the public sector and civil administration, received less attention. An examination of the 200 projects and programmes approved by the UNDG ITF supports this finding. While this can be understood in the particular context of Iraq, in retrospect an opportunity was missed to balance the activities of the UNDG ITF-funded projects along with a spectrum of short- and medium-term development interventions.

On a positive note, throughout the lifespan of the UNDG ITF, projects were implemented with an intentional balance across all governorates of Iraq. A Key Performance Indicator (KPI) on coverage by governorates based on completed[4] projects and programmes by 2010 shows a near-equal distribution of the implemented projects across all 18 governorates.

In order to complete the assessment of the development effectiveness of the UNDG ITF, the LLE team conducted an in-depth review of 60 projects and programmes using the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) criteria on aid effectiveness: Relevance, Effectiveness, Efficiency, Results and Sustainability.

Relevance

The OECD DAC defines relevance as "the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies."[5] The definition also includes the relevance of the objective or design of a development intervention as circumstances change on the ground.

To assess relevance, a number of KPIs were considered. Accordingly, 43 percent of the reviewed projects undertook either a project-level needs assessment or another form of baseline study. This is seen as a positive finding within the challenging context of Iraq, as project-specific needs assessment would ensure relevance between project design and the needs of the target beneficiaries. In addition, 17 percent of the reviewed projects referred to a sector-level needs assessment during the design stage, while 26 percent of the reviewed projects referred to the National Development Strategy (NDS) or the UN Iraq Assistance Strategy. The remaining 31 percent of the reviewed projects did not provide any evidence of any needs assessment undertaken during the planning stage. While the evaluation reports generally linked to the NDS or JNA, the lack of concrete evidence of a specific basis for the design of the project activities indicated that some projects may not have been directly linked to specific needs of the beneficiaries.

Discussions with UNCT staff indicated that a project-specific needs assessment was difficult given the Iraqi context. However, the GoI representatives interviewed felt that considering the UN conducted most planning-level activities remotely, many UN projects were not relevant or did not directly correspond with the priorities of the GoI. It may therefore be concluded that working more rigorously and consistently with GoI counterparts to jointly assess the needs prior to implementation, or at least confirming the needs and priorities and reflecting this in the project design, would result in more relevant projects.

In addition, a case study undertaken by the LLE team on remote management indicates that the UN working remotely since 2004 has had an impact on the relevance of the projects despite the creative measures taken to overcome the challenges of managing remotely.

Effectiveness

The OECD DAC defines effectiveness as *"the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance."*

The LLE used a gap analysis approach on a sample of 11 projects to assess effectiveness. The gap analysis exercise was used to analyze the extent to which the actual implementation and realized results deviated from the planned project activities and results.

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[4] The LLE team measured the KPI based on completed projects, as sometimes projects change the location of some activities during implementation due to constraints in the field in the initial geographic regions.

[5] The definitions for all parameters are based on *Glossary of Key Terms in Evaluation and Results Based Management,* OECD Publication, 1007001 04 3P – No. 31678 2002

Based on the analysis, it can be concluded that the UNDG ITF projects have achieved significant progress in line with the planned objectives, despite the challenges faced during implementation and the earlier findings concerning relevance and the prevalence of short-term, quick impact projects over longer-term development projects. Flexibility during implementation and the ability to extend project durations and reallocate budgets between project activities enabled agencies to provide additional services and benefits on many of the 11 projects. The difficulties of managing remotely were overcome by different means. Some agencies recruited national staff and worked with local contractors and monitoring agents to ensure implementation success. Other agencies depended on working closely with their GoI counterparts at national and local levels to ensure national ownership at the implementation level. Notably, the involvement of GoI counterparts in needs assessment in addition to day-to-day implementation has led to more effective results and longer-term benefits than in cases where the GoI was less involved during project implementation. Another key technique for some projects was working with qualified international or national NGOs that had better access in the field and managed to work more directly in Iraq, although also managing their involvement remotely.

Efficiency

According to OECD DAC, efficiency is "a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results."

A review of the UNDG ITF projects suggests frequent delays during implementation. Reviewed projects on average had actual durations in excess of their planned duration by 18.3 months, or 122 percent of the planned duration. The actual implementation duration was up to 63 and 64 months respectively on two projects. While 20.3 percent of projects were delayed due to security conditions, other reasons were also prevalent. Delay due to lack of delivery capacity of the UN was indicated in 14.2 percent of the reviewed projects. A similar 14.2 percent of project delays was attributed to lack of delivery capacity of partners. GoI-side delays in the approval or implementation of major tasks or processes caused another 14.7 percent of project delays. Only 7.1 percent of delays were attributed to changes in the scope of work, where a change of scope request would be eligible if there was a change in the project location or a major change in the project activities. Based on this, it is evident that security conditions are an important factor, yet almost equally important are other factors relating to delivery capabilities of all partners including human and/or institutional capacities.

Delays are not always negative indicators, however. In several projects, delays were due to a request to expand the scope of work to other locations and/or to provide additional activities to remain relevant to the needs and requirements of the target groups. Therefore, while project delays could be seen as inefficient, the fact that some delays were due to an expansion of the level of service or geographic coverage of the project activities indicate the willingness and the flexibility of the UN to remain effective and relevant within the approved project allocations.

An equally important measure of efficiency is the cost of implementation. While most projects were completed below budget and unused funds were returned to the UNDG ITF, this might be attributable to delays in implementation and the cancellation of some activities. But it could also be attributable to over-ambitious budgeting during planning. The KPIs used to measure the composition of the budget for the 60 reviewed projects and programmes revealed the relative distribution of budget allocation across projects. Little insight was provided in the evaluation reports and the design of the budget line items did not provide enough clarity about programmatic costs versus non-programmatic or indirect costs to enable in-depth analysis of cost efficiency. In the future, a budget design that enables easier efficiency measurement is recommended.

Project-specific examples further indicated that practical delays and inefficiencies were faced during project activities. Most related to delays caused by limited institutional capacity or weak infrastructure in Iraq. In addition, security incidents or tightened security measures caused delays for many projects. Two specific examples, however, indicated that despite the major security challenges of 2006 and 2007, the agencies managed to achieve project completion within the planned duration, 12 and 9 months respectively, by leveraging the experience of implementation partners and working closely with local government and communities. Two other projects were completed in less than the planned durations of 8 and 18 months, by one month each.

Achievement of results

The OECD DAC criteria for assessing development aid looks at the impact of development interventions. Given the overall context of the UNDG ITF implementation and the transitional scope of interventions under UNDG ITF that ranged from quick-impact relief and recovery projects to long-term development initiatives, the LLE

has looked at the realization of intended results and their contribution to the broader development outlook in Iraq. The OECD DAC defines results as "the output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention."

An overall assessment of the scope of the selected 60 UNDG ITF programmes and projects indicate that 38.3 percent had a focus on physical asset creation or rehabilitation of physical infrastructure; 73.3 percent had a clear capacity development focus while 38.3 percent of the reviewed projects had a focus on provision of services such as distribution of goods or vaccines.

Another KPI analyzed the number of jobs created by the reviewed projects, based on the fact that employment creation was a cross-cutting theme for UNDG ITF funded activities. This KPI generated slightly unreliable results due to lack of consistency in the information available. However, a rough estimate based on the review of 60 evaluated projects suggests that 55,846 temporary jobs were created. In addition, 309,400 person days were created in 13 of the 60 projects. Finally, aggregated data from seven different projects indicated that 171,031 permanent jobs and 266 person days of employment were created from only 60 projects and programmes when the actual number of implemented programmes and project is 200.

The analysis based on the 60 UNDG ITF projects, scores of secondary documents including progress reports and feedback from stakeholders, indicate positive contributions of UNDG ITF towards the overall development of Iraq despite the many challenges faced during implementation. The results spread across the spectrum from tangible to intangible deliverables and contribution, with varying numbers and levels of completion at the time of the review. Projects have also contributed to employment and income generation in different geographical areas, with varying degrees of success and sustainability of jobs created. The degree of achievement and realization of results has varied across the sectors. For example, the water and sanitation sector continued to suffer, with many indicators still showing very slow progress towards meeting the minimum water access and quality benchmarks. On the other hand, sectors such as education and health have contributed significantly towards the achievement of relevant Millennium Development Goals (MDG) targets.

Overall, and based on the current status of Iraq's progress against the MDG, it is evident that there remains significant work to be done in each sector to meet the MDG targets by 2015. On the economic growth front, there is still much to be done in a number of key economic and infrastructure sectors to pave the way for faster and more sustainable economic growth.

Sustainability

The OECD DAC defines sustainability as "the continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time."

The LLE depended on the 60 independent evaluation reports as the basis of assessing the development effectiveness parameters, including sustainability. Neither the evaluation reports nor the other project documents provided consistent or reliable enough information to enable a quantitative assessment of the sustainability dimension. The analysis eventually depended on evidence provided for some projects in the evaluation reports.

While many projects have produced sustainable results, there are a considerable number of projects that face the risk of unsustainable outputs and outcomes on either tangible or intangible results. This is a major area of concern, particularly to the GoI and donors who expect their investments to be sustainable in order to deliver a continued stream of benefits upon completion of programmes and projects. A GoI interviewee further commented, "There is a problem with quick disbursements of projects. Quick disbursement doesn't mean good performance. UN is always in a hurry to get the project started and to show results. Quick results don't mean good results and often are not sustainable. Iraq is a special case, where things take longer time to get accomplished."

Conclusion

Lessons learned—things that were done well

The UNDG ITF was implemented in a post-conflict environment with high levels of violence, weak government capacity and the inability of UNCT to operate effectively within the country. Given this very challenging context, the UNDG ITF performed well and was able to disburse donor funds to address a wide range of issues that were in line with Iraq's needs and priorities. Despite the security challenges, the UNDG ITF has been operating continuously for seven years thus far and has remained flexible in adapting to the changing contextual environment and the expectations of donors and the GoI. This is evident in the transition in the scope of the UNDG ITF-supported programmatic interventions and the evolution in the UNDG ITF governance structures over the years.

The UNDG ITF was an indispensible mechanism in the Iraq development efforts for much of the period from 2004 to 2010. It enabled the UNCT to provide much-needed support to the Iraqi people in key areas and sectors of importance. In particular, projects funded by the UNDG ITF made a significant contribution to establishing a modern electoral process and support for a democratic system in Iraq, which is a unique outcome within the region. The projects also provided needed services and goods in the key sectors of health and education, which resulted in Iraq being able to provide these two basic social services across the country. In addition, the projects addressed historical disparities between the 18 Governorates of Iraq, and UN agencies made efforts to address the neediest and most vulnerable population groups. The projects contributed substantially towards recovery and rehabilitation across sectors from agriculture to housing, electricity, water and sanitation, and cultural heritage.

The efforts funded by the UNDG ITF would have been much less feasible if the fund had not been in place. On one hand, the availability of funding under the UNDG ITF enabled the UN agencies to undertake a coordinated approach to planning, implementation and reporting. Resource mobilization costs have been very low especially during the initial few years of UNDF ITF and efforts required were lower, especially at the start of the UNDG ITF's life when financial resources were abundant. On the other hand, coordination for project design through the cluster and the Sector Outcome Team (SOT) mechanisms enabled the UN agencies to reduce duplication, ensure programmatic synergies and work jointly.

As the first MDTF to be administered by the UN, the UNDG ITF experience has demonstrated the UN system's ability to adapt to the fast-evolving challenges of an unusual post-conflict environment. The significant improvements and shifts in the operational parameters and the status of development parameters indicate the commitment and the abilities of the UN and its partners to effectively meet the terms set out in the IRFFI ToR for the benefit of the people of Iraq. The varying degree of stakeholder involvement has had varying effects on the programmatic and operational dimensions of the UNDG ITF. Over time and to a great extent, however, the UN managed to enhance stakeholder engagement in the spirit of national ownership, mutual accountability, and improved management for results.

Lessons learned—things that could be done better

As elaborated in the report, there are many lessons learned that suggest need for further improvement not only for the next phase of multi-donor funding for Iraq but also for other UN-administered MDTFs. Of particular importance in the context of a post-conflict situation is the need to maintain simultaneous focus on short- and long-term (transition) needs and priorities from the very outset. The longer-term vision should be reflected in the short-term interventions. In line with the IRFFI ToR, a high proportion of UNDG ITF programmes and projects had a short-term focus, combined with a mandate to implement quickly and show results. This made sense for emergency interventions and was also in line with the donor agenda to provide quick, demonstrable support to the people of Iraq. With the benefit of hindsight, however, it indicates a missed opportunity to plan for transition from short-term needs to the longer-term development. The missed opportunity can be attributed to two primary factors:

  – The GoI's involvement in defining the priorities for the UNDG ITF interventions was not optimized. While the GoI was involved in the process by design, real GoI counterpart contribution and engagement varied by agency, sector and the project being implemented.

– The focus on short-term results and quick results-oriented recovery and rehabilitation projects continued until 2008, after which the focus shifted to institutional and capacity development with a long-term development focus. The lack of attention to the long-term was in itself an obstacle to the implementation of many projects. For example, weaknesses in institutional capacity and processes of government counterparts, as well as weak or non-existent codes and regulations, caused delays in project implementation. A country that is rebuilding from scratch warrants as much focus on long-term development, including the development and strengthening of institutional, governance and human assets, as key immediate and shorter-term needs such as rehabilitation of basic services and infrastructure.

Most donors are insistent on earmarking their contributions to specific areas and/or agencies in line with their own aid agendas. By doing so, the donors feel they are better able to track the use of their contributions and have some demonstrable visibility. These donors persist in demanding that almost all their contributions be earmarked and continue to complain, despite significant improvements, about the UNDG ITF reporting by the MDTF Office. The PwC opines that the donors and the UN must resolve this particular issue in light of the Paris Declaration to realistically manage the donor expectations in any future MDTF. At the same time, both the donors and the UN need to provide much greater initial focus on setting up strong, consistent, independent, high quality monitoring, reporting and evaluation processes which will provide the required and accessible levels of detail and transparency. A credible accountability mechanism will generate increased levels of trust and will provide timely, reliable and evidence-based information to all stakeholders for improved decision making and policy setting.

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